INTRODUCTION: Public Debt Operations

The Second Liberty Bond Act (31 U.S.C. 3101, et seq.) allows the Secretary of the Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment, and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States". The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes, and bonds.

• Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve banks, so that the "all other investors" category includes all private holdings.

• Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every fourth week. Treasury bills mature each Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill issued every fourth week to mature on the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* are also presented. High, low, and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made on both competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to $1 million for bills and $5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

• Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1; 52-week bills from table PDO-2; and data for cash management bills. The maturities of cash management bills coincide with those of regular issues of Treasury bills.

• Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The Federal Reserve banks tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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APRIL

Auction of 2-Year and 5-Year Notes

March 28 Treasury announced the revised schedule and terms of the 2-year and 5-year note auctions originally announced on March 20, 1996. The announcement stated that Treasury would auction $18,250 million of 2-year notes of Series AD-1998 and $12,000 million of 5-year notes of Series G-2001 to refund approximately $30,000 million of 9-day cash management bills maturing April 10, 1996.

The notes of Series AD-1998 were dated April 10, 1996, due March 31, 1998, with interest payable September 30 and March 31 until maturity. An interest rate of 6-1/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 11 a.m., e.d.t., for noncompetitive tenders and prior to 11:30 a.m., e.d.t., for competitive tenders on April 8, and totaled $35,300 million, of which $18,250 million was accepted. All competitive tenders at yields lower than 6.144 percent were accepted in full. Tenders at 6.144 percent were allotted 48 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.144 percent with an equivalent price of 99.965. The median yield was 6.102 percent, and the low yield was 6.070 percent. Noncompetitive tenders totaled $1,167 million. Competitive tenders accepted from private investors totaled $17,083 million.

In addition to the $18,250 million of tenders accepted in the auction process, $1,818 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $1,598 million was accepted from Federal Reserve banks for their own account.

The notes of Series G-2001 were dated April 10, 1996, due March 31, 2001, with interest payable September 30 and March 31 until maturity. An interest rate of 6-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on April 9, and totaled $31,190 million, of which $12,006 million was accepted. All competitive tenders at yields lower than 6.415 percent were accepted in full. Tenders at 6.415 were allotted 53 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.415 percent with an equivalent price of 99.832. The median yield was 6.397 percent, and the low yield was 6.350 percent. Noncompetitive tenders totaled $604. Competitive tenders accepted from private investors totaled $11,402 million.

In addition to the $12,006 million of tenders accepted in the auction process, $650 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $1,500 million was accepted from Federal Reserve banks for their own account.

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April 17 Treasury announced it would auction $18,750 million of 2-year notes of Series AE-1998 and $12,500 million of 5-year notes of Series H-2001 to refund $26,576 million of securities maturing April 30 and to raise about $4,675 million new cash.

The notes of Series AE-1998 were dated April 30, 1996, due April 30, 1998, with interest payable October 31 and April 30 until maturity. An interest rate of 5-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on April 23, and totaled $47,604 million, of which $18,777 million was accepted. All competitive tenders at yields lower than 5.939 percent were accepted in full. Tenders at 5.939 percent were allotted 38 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.939 percent with an equivalent price of 99.881. The median yield was 5.922 percent; and the low yield was 5.890 percent. Noncompetitive tenders totaled $1,169 million. Competitive tenders accepted from private investors totaled $17,608 million.

In addition to the $18,777 million of tenders accepted in the auction process, $1,650 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $926 million was accepted from Federal Reserve banks for their own account.

The notes of Series H-2001 were dated April 30, 1996, due April 30, 2001, with interest payable October 31 and April 30 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on April 24, and totaled $29,679 million, of which $12,500 million was accepted. All competitive tenders at yields lower than 6.279 percent were accepted in full. Tenders at 6.279 were allotted 61 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.279 percent with an equivalent price of 99.877. The median yield was 6.250 percent, and the low yield was 6.200 percent. Noncompetitive tenders totaled $404 million. Competitive tenders accepted from private investors totaled $12,096 million.

In addition to the $12,500 million of tenders accepted in the auction process, $450 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $800 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

March 28, 1996, Treasury announced the revised schedule and terms of the 52-week bill auction originally announced on March 22, 1996. Tenders were invited for approximately $18,750 million of 364-day Treasury bills to be dated April 4, 1996, and to mature April 3, 1997. The issue was to refund $17,574 million of maturing 52-week bills and to raise about $1,175 million new cash. The bills were auctioned on April 2. Tenders totaled $56,036 million, of which $18,937 million was accepted, including $1,142 million of noncompetitive tenders from the public and $6,036 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.17 percent.

April 19, 1996, tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated May 2, 1996, and to mature May 1, 1997. The issue was to refund $17,953 million of maturing 52-week bills and to raise about $1,300 million new cash. The bills were auctioned on April 25. Tenders totaled $53,961 million, of which $19,435 million was accepted, including $999 million of noncompetitive tenders from the public and $5,090 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.30 percent.

Cash Management Bills

March 28 tenders were invited for approximately $30,000 million of 9-day bills to be dated April 1, 1996, and to mature April 10, 1996. The issue was to refinance securities maturing on March 31, 1996. Tenders were opened on April 1. They totaled $58,637 million, of which $30,013 million was accepted. In addition to the $30,013 million of tenders accepted in the auction process, $3,098 million was accepted from Federal Reserve banks for their own account. The average bank discount rate was 5.31 percent.

April 1 tenders were invited for approximately $14,000 million of 15-day bills to be issued April 3, 1996, representing an additional amount of bills dated October 19, 1995, maturing April 18, 1996. The issue was to raise new cash. Tenders were opened on April 2. They totaled $41,567 million, of which $14,008 million was accepted. The average bank discount rate was 5.29 percent.

In the same announcement on April 1, tenders were invited for approximately $11,000 million of 22-day bills to be issued April 3, 1996, representing an additional amount of bills dated October 26, 1995, maturing April 25, 1996. The issue was to raise new cash. Tenders were opened on April 2. They totaled $39,872 million, of which $11,062 million was accepted. The average bank discount rate was 5.25 percent.

Treasury Calls 8 Percent Bonds of 1996-01

April 11, 1996, the Department of Treasury announced the call for redemption at par on August 15, 1996, of the 8 percent Treasury Bonds of 1996-01, dated August 16, 1976, due August 15, 2001. There were $1,485 million of these bonds outstanding, of which $728 million were held by private investors.

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MAY

May Quarterly Financing

May 1 Treasury announced it would auction $19,000 million of 3-year notes of Series X-1999 and $14,000 million of 10-year notes of Series B-2006 to refund $35,048 million of Treasury securities maturing May 15 and to pay down about $2,050 million new cash.

The notes of Series X-1999 were dated May 15, 1996, due May 15, 1999, with interest payable November 15 and May 15 until maturity. An interest rate of 6-3/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 7, and totaled $38,625 million, of which $19,011 million was accepted at yields ranging from 6.350 percent, price 100.067 up to 6.400 percent, price 99.933. Tenders at the high yield were allotted 28 percent. Noncompetitive tenders were accepted in full at the average yield, 6.390 percent, price 99.960. These totaled $876 million. Competitive tenders accepted from private investors totaled $18,135 million.

In addition to the $19,011 million of tenders accepted in the auction process, $1,695 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $2,602 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2006 were dated May 15, 1996, due May 15, 2006, with interest payable November 15 and May 15 until maturity. An interest rate of 6-7/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 8, and totaled $33,530 million, of which $14,002 million was accepted at yields ranging from 6.890 percent, price 99.893, up to 6.906 percent, price 99.779. Tenders at the high yield were allotted 97 percent. Noncompetitive tenders were accepted in full at the average yield, 6.902 percent, price 99.807. These totaled $413 million. Competitive tenders accepted from private investors totaled $13,589 million.

In addition to the $14,002 million of tenders accepted in the auction process, $300 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $1,700 million was accepted from Federal Reserve banks for their own account.

The notes of Series B-2006 may be held in STRIPS form. The minimum par amount required is $320,000.

Auction of 2-Year and 5-Year Notes

May 22 Treasury announced it would auction $18,750 million of 2-year notes of Series AF-1998 and $12,500 million of 5-year notes of Series J-2001 to refund $27,398 million of securities maturing May 31 and to raise about $3,850 million new cash.

The notes of Series AF-1998 were dated May 31, 1996, due May 31, 1998, with interest payable November 30 and May 31 until maturity. An interest rate of 6 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 29, and totaled $44,267 million, of which $18,751 million was accepted. All competitive tenders at yields lower than 6.053 percent were accepted in full. Tenders at 6.053 percent were allotted 74 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.053 percent with an equivalent price of 99.902. The median yield was 6.035 percent, and the low yield was 5.990 percent. Noncompetitive tenders totaled $1,546 million. Competitive tenders accepted from private investors totaled $17,205 million.

In addition to the $18,751 million of tenders accepted in the auction process, $1,720 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $596 million was accepted from Federal Reserve banks for their own account.

The notes of Series J-2001 were dated May 31, 1996, due May 31, 2001, with interest payable November 30 and May 31 until maturity. An interest rate of 6-1/2 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on May 30, and totaled $32,527 million, of which $12,501 million was accepted. All competitive tenders at yields lower than 6.565 percent were accepted in full. Tenders at 6.565 percent were allotted 22 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.565 percent with an equivalent price of 99.727. The median yield was 6.540 percent, and the low yield was 6.500 percent. Noncompetitive tenders totaled $559 million. Competitive tenders accepted from private investors totaled $11,942 million.

In addition to the $12,501 million of tenders accepted in the auction process, $650 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $550 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

May 17 tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated May 30, 1996, and to mature May 29, 1997. The issue was to refund $18,580 million of maturing 52-week bills and to raise about $675 million new cash. The bills were auctioned on May 23. Tenders totaled $55,638 million, of which $19,301 million was ac-

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cepted, including $1,020 million of noncompetitive tenders from the public and $5,430 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.32 percent.

Cash Management Bills

May 1 tenders were invited for approximately $13,000 million of 36-day bills to be issued May 15, 1996, representing an additional amount of bills dated December 21, 1995, maturing June 20, 1996. The issue was to raise new cash. Tenders were opened on May 9. They totaled $57,628 million, of which $13,045 million was accepted. The average bank discount rate was 5.05 percent.

May 28 tenders were invited for approximately $7,000 million of 10-day bills to be issued June 3, 1996, representing an additional amount of bills dated December 14, 1995, maturing June 13, 1996. The issue was to raise new cash. Tenders were opened on May 30. They totaled $29,435 million, of which $7,011 million was accepted. The average bank discount rate was 5.17 percent.

In the same announcement on May 28 tenders were invited for approximately $23,000 million of 15-day bills to be issued dated June 3, 1996, and to mature June 18, 1996. The issue was to raise new cash. Tenders were opened on May 30. They totaled $52,006 million, of which $23,086 million was accepted. The average bank discount rate was 5.20 percent.

Treasury Announces Increase in Frequency of 10-Year Note and 30-Year Bond Auctions

May 1, 1996, Treasury announced that it was increasing the frequency of auctions of 10-year notes to six times per year and of 30-year bonds to three times per year, while decreasing the size of each auction somewhat. The six issues of 10-year notes each year will occur in the regular midquarter refunding operations and on July 15 and October 15; the three issues of 30-year bonds each year will occur in the February 15, August 15, and November 15 midquarter refunding operations.

JUNE

Auction of 2-Year and 5-Year Notes

June 19 Treasury announced it would auction $18,750 million of 2-year notes of Series AG-1998 and $12,500 million of 5-year notes of Series K-2001 to refund $27,452 million of securities maturing June 30 and to raise about $3,800 million new cash.

The notes of Series AG-1998 were dated July 1, 1996, due June 30, 1998, with interest payable December 31 and June 30 until maturity. An interest rate of 6-1/4 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on June 25, and totaled $48,032 million, of which $18,790 million was accepted. All competitive tenders at yields lower than 6.300 percent were accepted in full. Tenders at 6.300 percent were allotted 17 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.300 percent with an equivalent price of 99.908. The median yield was 6.280 percent; and the low yield was 6.240 percent. Noncompetitive tenders totaled $1,585 million. Competitive tenders accepted from private investors totaled $17,205 million.

In addition to the $18,790 million of tenders accepted in the auction process, $2,018 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $1,177 million was accepted from Federal Reserve banks for their own account.

The notes of Series K-2001 were dated July 1, 1996, due June 30, 2001, with interest payable December 31 and June 30 until maturity. An interest rate of 6-5/8 percent was set after the determination as to which tenders were accepted on a yield auction basis.

Tenders were received prior to 12 noon, e.d.t., for noncompetitive tenders and prior to 1 p.m., e.d.t., for competitive tenders on June 26, and totaled $29,390 million, of which $12,501 million was accepted. All competitive tenders at yields lower than 6.674 percent were accepted in full. Tenders at 6.674 percent were allotted 50 percent. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.674 percent with an equivalent price of 99.795. The median yield was 6.660 percent; and the low yield was 6.620 percent. Noncompetitive tenders totaled $657 million. Competitive tenders accepted from private investors totaled $11,844 million.

In addition to the $12,501 million of tenders accepted in the auction process, $750 million was accepted from Federal Reserve banks as agents for foreign and international monetary authorities, and $1,000 million was accepted from Federal Reserve banks for their own account.

52-Week Bills

June 14 tenders were invited for approximately $19,250 million of 364-day Treasury bills to be dated June 27, 1996, and to mature June 26, 1997. The issue was to refund $19,322 million of maturing 52-week bills and to pay down about $75 million. The bills were auctioned on June 20. Tenders totaled $56,144 million, of which $19,413 million was accepted, including $980 million of noncompetitive tenders from the public and $6,328 million of the bills issued to Federal Reserve banks for themselves and as agents for foreign and international monetary authorities. The average bank discount rate was 5.56 percent. ◊